

December 22, 2004

Dear Stakeholders:

Thank you for providing comments on our proposed federal waiver application to develop a managed long-term care program (“**CommunityChoice**”). We incorporated many of your comments into our draft waiver application.

In addition to the modifications we have already included, we plan to address a number of critical and important issues with the assistance of the Department’s recently-appointed Advisory Group. The Group consists of approximately 43 individuals that represent a broad spectrum of consumers, providers, advocates, legislators, and other State and local government agencies. A preliminary meeting was held on December 21st with regular meetings to commence in January.

The attached document describes the comments we received and the Department’s response; some of the key changes to the waiver application as a result of these comments are described below:

- Maintaining Historic Providers. The Department understands that providers and individuals receiving medical day care and assisted living want the ability to maintain their current relationships and that switching providers may result in significant transition issues. We have adjusted the application to reflect these concerns, such as by specifically including the following in the waiver application:
 - Medical Day Care Centers. Allow all Medicaid patients receiving medical day care services at the inception of CommunityChoice to continue receiving these services in the same day care centers, unless quality issues exist. For these enrollees, the CCOs must reimburse the medical day care providers at the Medicaid fee-for-service rate, unless the provider chooses to negotiate different rates.
 - Assisted Living. Allow all patients receiving assisted living in the Older Adults Waiver at the inception of CommunityChoice to continue receiving these services in the same facility, unless quality issues exist. For these enrollees, the CCOs must reimburse the assisted living providers at the Medicaid fee-for-service rate, unless the provider chooses to negotiate different rates.

- Continuity of Care for Individuals Who Are Seriously and Persistently Mental Ill. We understand the desire to assist CCOs in appropriately managing individuals who are seriously and persistently mentally ill and ensuring these individuals access to psychiatric rehabilitation programs. While we do feel that quality of care can improve by integrating mental health and somatic care under the CCOs, we do not want to jeopardize access to this critical service in any way for these individuals. Accordingly, we decided to “carve out” psychiatric rehabilitation programs from the CCOs’ benefit package in order to guarantee access to those services through the Public Mental Health System.
- Choice For Hospice Providers. Under the revised waiver application, Maryland enrollees will be able to choose their hospice provider and the Department will reimburse that provider directly for the non-room-and-board portion of the hospice rate. CCOs, however, still will be required to pay for the room and board portion of hospice payments according to federal payment requirements (in an amount equal to at least 95 percent of the Medicaid nursing facility rate). This encourages CCOs to continue to work with enrollees to provide hospice services in the most appropriate setting, such as in an enrollee’s own home.
- Protecting Nursing Home Payments. The Department’s waiver application allowed nursing home providers to negotiate different payments with CCOs but prevented CCOs from forcing nursing home providers to accept payments lower than the fee-for-service rates. While we continue to examine the nursing home providers’ specific concerns regarding this issue, we are preventing providers and CCOs from negotiating different rates during the first year of the program.
- Ensuring CCOs’ Payments Are Spent On Patient Care. In addition to auditing CCOs’ expenses and capping profit and administrative levels annually, the Department will work with the Advisory Group to develop regulations that define the methodology used to calculate CCOs’ medical loss ratio and appropriate targets.
- Expanding Consumer Direction of Services. Consumer-directed services are a priority for the Department, and we are committed to expanding beyond what is outlined in the waiver application. During the next year, we will reexamine the consumer direction program to determine how we can increase consumer control over a broader array of services, how we can transition to a cash and counseling program, and to address other issues.
- Ensuring A Smooth Transition Period. The waiver application clarifies that the waiver will be phased-in by geographic area, based on whether or not a sufficient number of CCOs meet specified performance requirements, such as demonstrating complete provider networks. The revised waiver also clarifies that CCOs cannot accept enrollees until adequate provider networks are in place, and we will work with the Advisory Group

to define these standards more precisely and to develop a “back-up” plan in the event a CCO exits CommunityChoice or discontinues services to enrollees.

A number of comments suggested that we should expand Medicaid benefits to individuals who are not eligible today. While it is our mission to extend health care coverage to individuals in need, our current budget precludes supporting an eligibility expansion. We do not want to postpone our efforts to improve services for currently-eligible individuals until sufficient funds become available for a total program expansion.

We appreciate your comments and efforts on this important initiative. Our goal is to improve the quality of and access to services while simultaneously controlling long-term care expenditures. With your continued involvement, we will build a stronger long-term care program. If you have further comments, please do not hesitate to contact me or John Folkemer, Deputy Secretary for Health Care Financing, at (410) 767-4073.

Sincerely,

S. Anthony McCann
Secretary

cc: Van Mitchell
John Folkemer
Susan Tucker
Mark Leeds
Tricia Roddy
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